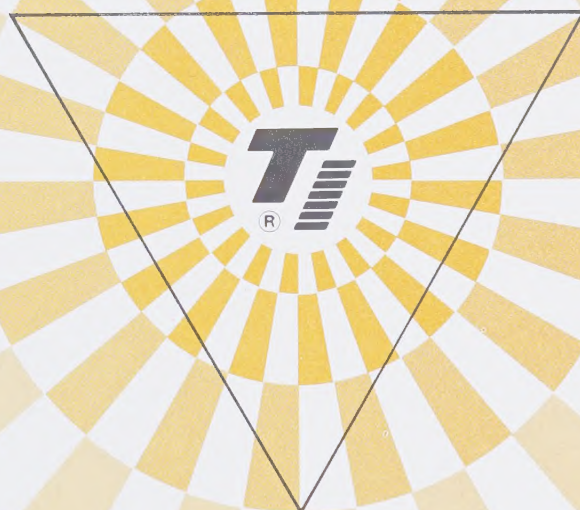


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**Thomas Industries Inc. Annual Report 1965**

## Five-Year Highlights

For the year ended December 31	1965	1964	1963	1962	1961
Net Sales.....	\$50,569,968	\$48,500,893	\$42,622,136	\$41,256,974	\$36,117,427
Earnings Before Income Taxes .....	\$ 4,611,937	\$ 3,529,649	\$ 3,523,401	\$ 3,388,987	\$ 2,226,689
Net Earnings.....	\$ 2,362,424	\$ 1,859,301	\$ 1,686,110	\$ 1,617,550	\$ 1,008,952
Earnings Per Share of Common Stock*.....	\$ 2.01	\$ 1.56	\$ 1.43	\$ 1.37	\$ .83
Shareholders' Equity.....	\$15,716,224	\$13,940,620	\$12,435,347	\$11,241,144	\$10,104,201
Net Book Value Per Share*.....	\$ 13.64	\$ 12.12	\$ 10.96	\$ 9.91	\$ 8.91
Long-Term Debt† .....	\$ 4,920,000	\$ 2,160,000	\$ 2,400,000	\$ 2,640,000	\$ 2,880,000
Number of Shares Outstanding*.....	1,151,801	1,150,062	1,134,656	1,133,962	1,133,962
Number of Shareholders....	2,500	2,300	2,300	2,200	1,900

\* All per share figures adjusted for annual stock dividends including 25% stock dividend paid January 1, 1966, to shareholders of record December 10, 1965. Complete details are given on page five of this report.

† On September 15, 1965, the Company issued \$3,000,000 of 4 7/8 % sinking fund notes maturing in 1985, retiring outstanding preferred stock for \$1,325,000 and adding \$1,675,000 to working capital.



# To Our Shareholders



JOHN G. BEAM

LEE B. THOMAS

Sales and earnings of Thomas Industries again achieved new records in the year ended December 31, 1965, as they have each year since 1961.

Sales in 1965 rose to \$50,569,968 as compared to \$48,500,893 in 1964, an increase of 4.3%. Per share earnings increased 28.8% to \$2.01 in 1965 from \$1.56 in 1964 after adjustment for a twenty-five percent stock dividend paid January 1, 1966 to shareholders of record December 10, 1965. (Before adjustment for the stock dividend, net earnings in 1965 were \$2.51 compared to \$1.95 in 1964.)

The past year has been one of our most constructive from the standpoint of strengthening our position for increased sales and earnings in the immediate future. For several years we have averaged the introduction of a new or improved product each working day in the year, and new product development for the year 1965 even exceeded this high standard. Most particularly in the lighting divisions, our lines have been broadened and upgraded to assure continued leadership and increased penetration in this rapidly growing market. Additional information concerning our product lines is shown on later pages of this report.

Production methods have been improved and streamlined, with electronic data processing playing an increasingly important role.

During the past three years, two new plants and significant new manufacturing facilities have been added and these are continuing to improve efficiencies, with major profit contributions clearly in view.

The Company's improved outlook for the future is confirmed by the fact that our profit margins in 1965 rose to 4.7% as compared to 3.8% in 1964, strengthening our base for continued profitable growth in the years ahead.

*Lee B. Thomas*

LEE B. THOMAS  
*Chairman of the Board*

*John G. Beam*

JOHN G. BEAM  
*President*

February 28, 1966



# Financial Review

In the year ended December 31, 1965, sales and earnings achieved new records. Sales increased to \$50,569,968 in 1965 from \$48,500,893 in 1964. Net earnings per share increased 28.8% to \$2.01 in 1965 from \$1.56 in 1964. All per share figures are adjusted for stock dividends, as explained in detail on the opposite page.

## Five-Year Growth Profile

The years from 1961 through 1965 show the Company's internal capacity for growth in sales and earnings, since only one small acquisition occurred.

During this period, sales have risen at a compounded rate of 9% while net earnings have compounded at a rate of 24%. Net profit margins have improved to 4.7% in 1965 from 2.8% in 1961.

## Leadership in the Growing Lighting Industry

Sales in all divisions have improved, but proportionate increases have been greater in the lighting divisions. They now represent approximately 80% of total volume. Thomas Industries has strengthened its leadership in residential lighting and is one of the few manufacturers with appreciable volume in all three segments of the lighting business—residential, commercial and industrial.

Increases in lighting penetration and sales volume have been stimulated by the continuous flow of new Thomas Industries products and merchandising methods.

Coupled with our own efforts has been the vastly increased public recognition of lighting as an

important decorative element in the home and as a vital contributor to efficiency and morale in commercial and industrial buildings.

## Capital Expenditures

In 1965, capital expenditures were reduced compared with 1964, since no new plants were constructed during the year. However, one third of the Company's total manufacturing space has been constructed within the last three years and all major factories are modern and efficient.

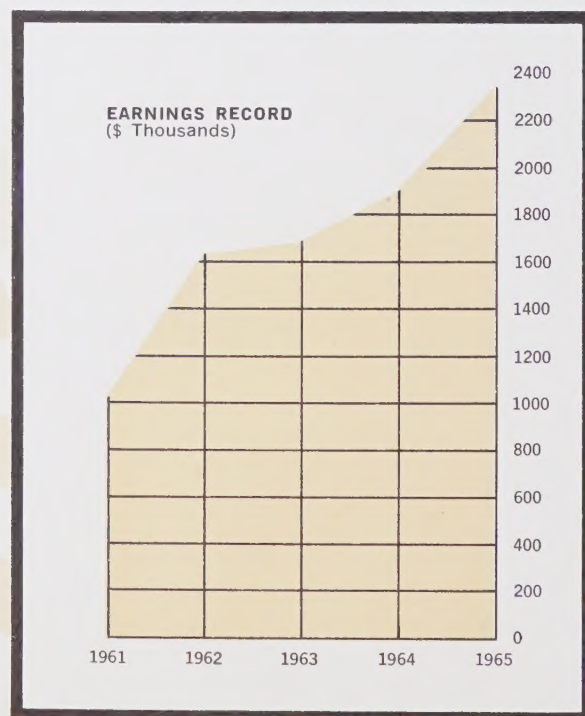
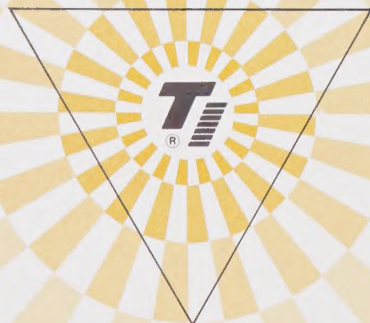
Capital expenditures in 1965 were \$1,265,044, principally for new machinery and equipment and tooling investments for new products. Depreciation and amortization amounted to \$1,235,612 in 1965, based on the Company's policy of using accelerated depreciation methods for new equipment and facilities. In the five years from 1961 through 1965 cash flow per share has increased to \$3.08 from \$1.80, an increase of 71%.

## Capital Structure

In 1964, the shareholders approved an increase in authorized common stock from 1,000,000 shares to 2,000,000 shares, par value \$1. As of January 1, 1966, 1,151,801 shares were outstanding.

On September 15, 1965, the Company issued \$3,000,000 of 4 $\frac{7}{8}$ % sinking fund notes maturing in 1985. The proceeds were used to retire all of the outstanding preferred stock for \$1,325,000, with the remaining \$1,675,000 added to working capital.

As of December 31, 1965, working capital



amounted to \$14,407,172, compared with \$10,731,681 the year before. The Company's 1965 balance sheet showed a current ratio of 3.8 to 1, compared to 2.4 to 1 in 1964. Long-term debt increased to \$4,920,000 on December 31, 1965, from \$2,160,000 on December 31, 1964.

At year end, TI's current capital structure was comprised of 76% in common stock equity and 24% in long-term debt.

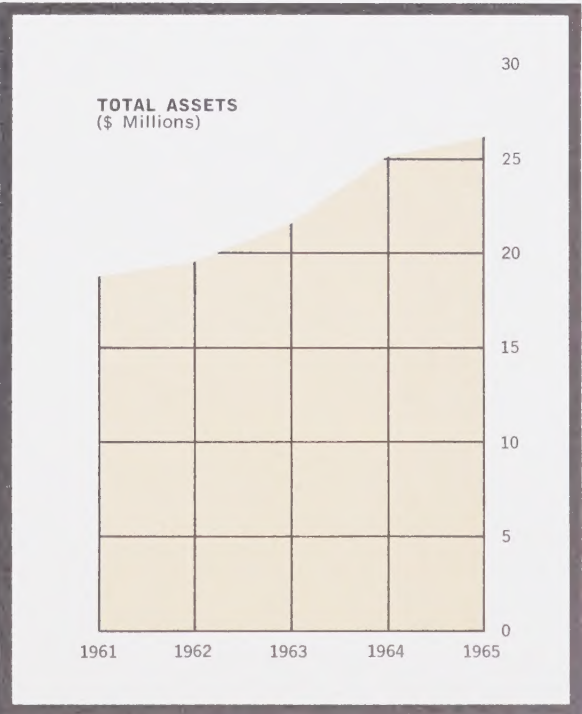
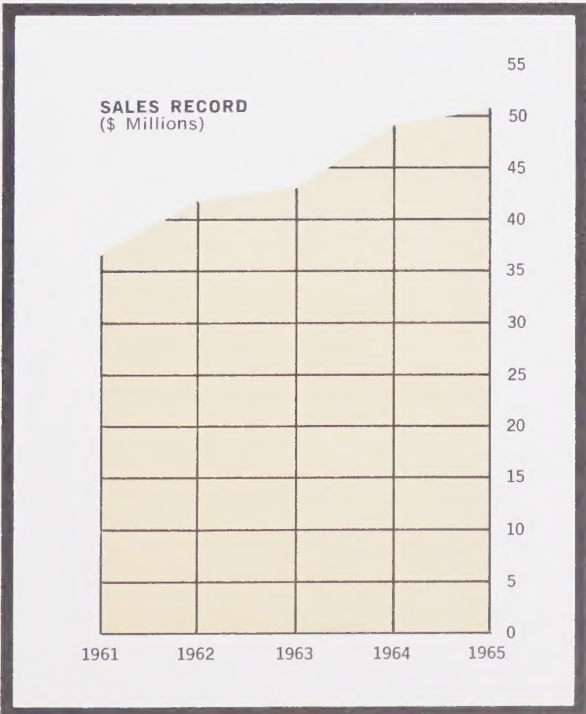
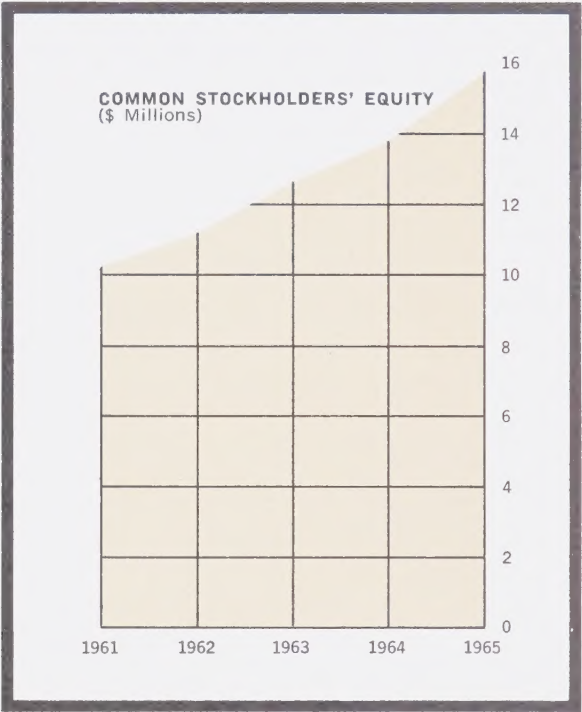
**Common Shareholders' Equity**

During the year 1965, common shareholders' equity increased to \$15,716,224 from \$13,940,620 at year end in 1964. In the period from 1961 through 1965, common shareholders' equity increased on a per share basis from \$8.91 to \$13.64 per share.

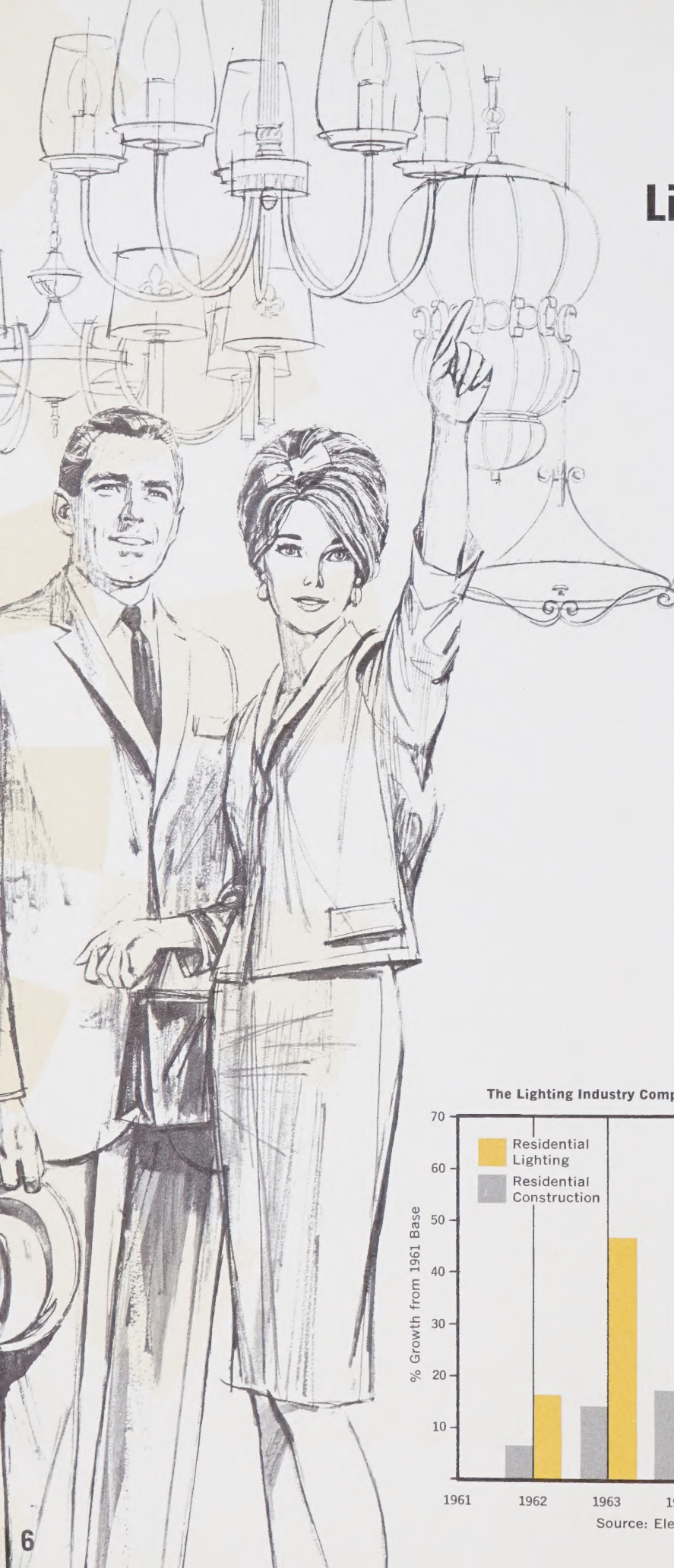
The Company's 1965 earnings of \$2.01 per share represent a 14.7% return on shareholders' equity compared to 12.9% in 1964.

**Dividends**

In recent years, Thomas Industries has paid the following stock dividends: January 1, 1962, 2%; January 1, 1963, 3%; January 1, 1964, 3%; July 1, 1964, 25%; January 1, 1965, 3%; January 1, 1966, 25%. During this period, the Company's annual cash dividend has been maintained at 60 cents per share. Thus, the holder of 100 shares of stock prior to the beginning of this series of stock dividends has increased his shareholdings to 173 and his annual cash dividend from \$60.00 to \$103.80.







## Lighting . . .

# An Industry of Growth

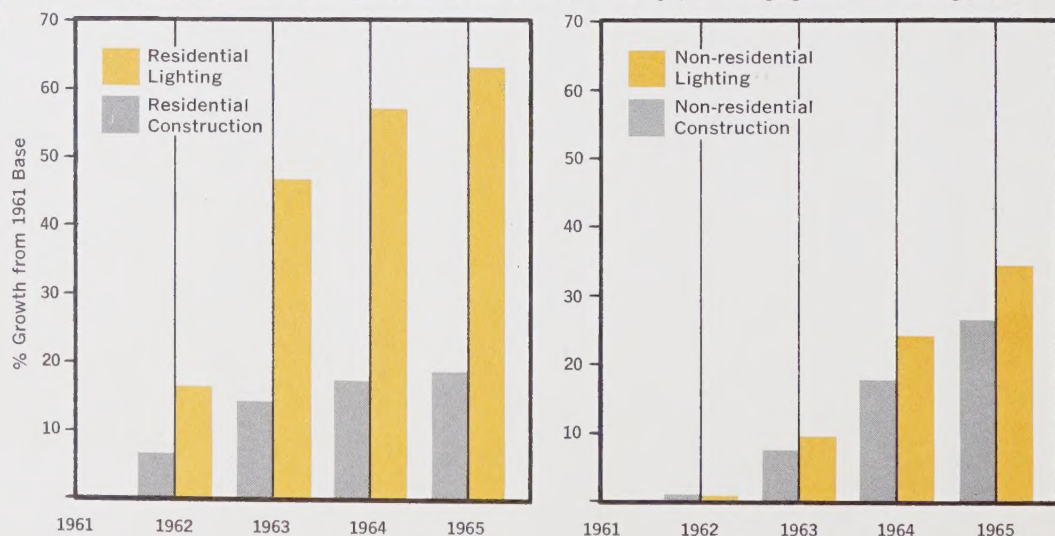
Thomas Industries is one of the few companies with product lines and international distribution in all three major segments of the lighting industry—residential, commercial and industrial.

In recent years, the lighting industry has gained recognition that places its products and achievements far beyond the conventional field of building materials.

In residential lighting, fixtures are no longer regarded as simply light sources, but have become an important element of home furnishings and decor. In new home construction, builders are recognizing that lighting plays an increasingly important role in influencing homebuyers' decisions. Owners of older homes are following the trend to decorative lighting, and relighting is fast becoming an important segment of the residential lighting fixture market, paralleling the rapid growth of redecorating and remodeling.

In commercial and industrial lighting, you need only glance at newer buildings to realize that lighting fixtures are no longer supplemental to natural light but are vital to comfort and efficiency throughout the day and night. Hundreds of studies have demonstrated that increased industrial production and safety more than recover the cost of properly engineered lighting; similar studies reveal that efficiency and morale in offices and learning capabilities in schools are appreciably increased by good lighting.

The Lighting Industry Compared to the Construction Industry (Percentage growth 1961 through 1965)



Source: Electrical Construction and Maintenance, McGraw-Hill, Inc.



# Thomas Industries . . .

## Leader in Residential Lighting

New products are the lifeblood of Thomas Industries' residential lighting lines. In each of the past five years, hundreds of new products have been introduced. In some cases, these have updated older fixtures in style and fashion; however, most new product introductions have broadened our lines to keep pace with consumer and decorator tastes.

Residential lighting lines now include an infinite variety of styles, ranging in price from \$1.70 to \$825.00. Lighting needs for homes of any period and price are recognized and served, from entryway to patio. Larger decorative and custom lighting designs have been increased for such commercial applications as restaurants, clubs and hotels.

Our residential product development staff searches the world over for new ideas, and at the same time closely follows domestic trends in home furnishings, colors, fabrics and room arrangements. Interestingly enough, as new fixtures are added, it is often possible to adapt traditional styling from centuries past to the most modern production methods.

Aggressive marketing has also played an important part in the growth of Thomas Industries in residential lighting. Our catalogs set the standards for the industry, and have become more than just product listings. They have evolved into sources of ideas for the use of lighting in home decor, with full color photographs of room settings and arrangements by some of America's foremost decorators.

Programs have been developed making it possible for lighting fixture stores to enlarge and improve their showrooms, even to the point that Thomas Industries furnishes materials and designs.



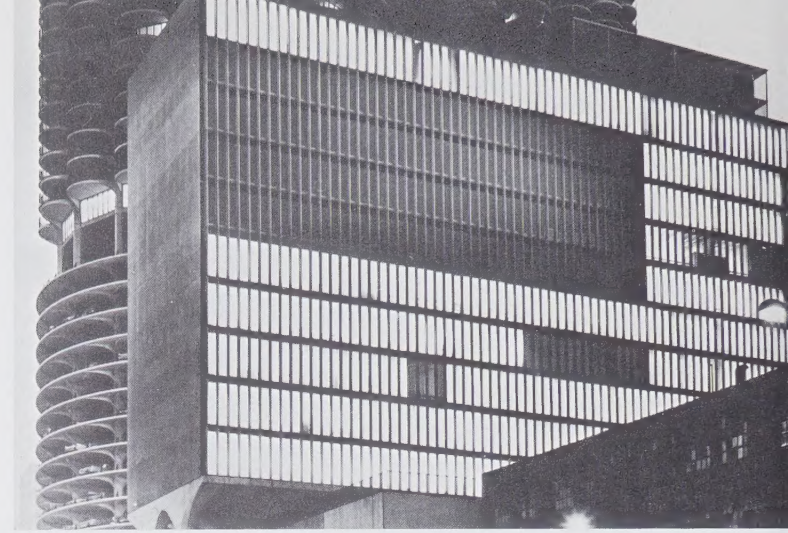


## Commercial/Industrial Lighting

Thomas Industries entered the industrial lighting field through the acquisition of the Benjamin Electric Manufacturing Company in 1959, then located in Des Plaines, Illinois. Since that time, Benjamin's industrial lighting products have been modernized and streamlined and a complete new line of commercial lighting fixtures has been added to the Benjamin lines.

Additionally, the entire Benjamin operation has been moved from Des Plaines to a new plant in Sparta, Tennessee.

The year 1965 was an important one for the Benjamin products group, with emphasis on value analysis, cost controls, production efficiencies and continuation of Benjamin's leadership in pioneering the development of new products. Among new products introduced are a new line of exit lights, corridor units, a new recessed fluorescent line, and further developments of lighting units incorporating environmental control features



such as air conditioning and heat removal, a concept originated by Benjamin several years ago.

Growth in the commercial/industrial division has been substantial, while these product and plant improvements have been in progress.

The future promises continued acceleration in sales and profits, firmly based on improved products, facilities and policies.

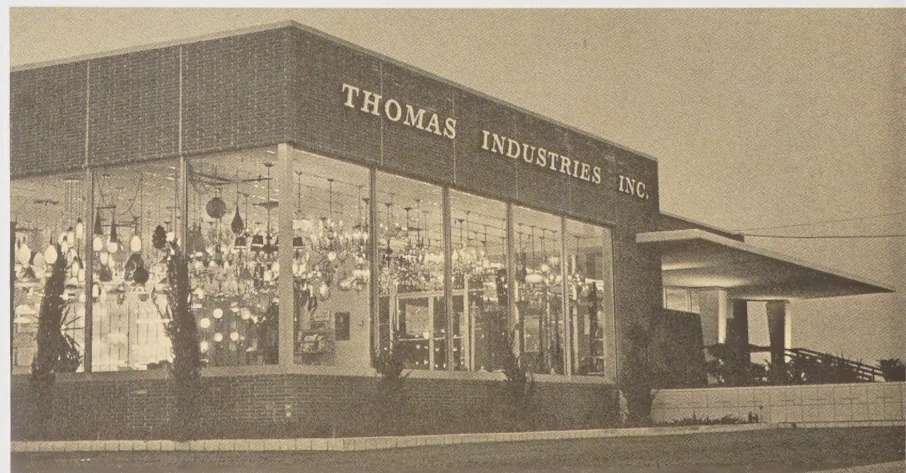


## C & M Division, Toronto

In Canada, Thomas Industries' subsidiary, C & M Products Limited, manufactures its own line of commercial and industrial fluorescent fixtures, as well as importing Moe Light and Starlight residential fixtures from the United States. C & M's rate of penetration is very high in the Canadian market, and rising at a gratifying rate, with profits increasing proportionately. Nearly 5,000 C & M fixtures were installed in the new, dramatic Toronto City Hall pictured at left.

## Pacific Lighting Division

Thomas Industries' West Coast operations have steadily expanded, occupying a new plant in the City of Industry near Los Angeles (shown at right). This division operates to the best advantage according to the various product lines offered. In some cases it warehouses and distributes completed Moe Light, Starlight, Designer Originals and Benjamin fixtures from eastern plants. In other product situations, finishing and assembly operations are performed locally. Certain distinctive fixtures, too, are manufactured there exclusively for the West Coast market.





## Power Equipment Division

### Portable Paint Sprayers

Under the trade name Sprayit, Thomas Industries has long been a leader in portable paint sprayers and air compressors. Substantially increased distribution through a distributor stocking program, coupled with outstanding packaging and promotions, has further strengthened our leadership. New products have been added to the Sprayit line which are of appeal to homeowners, farmers and contractors. In addition, the excellence of Sprayit branded compressors has led to the adaptation of this equipment for use in such fields as xerography, data storage and retrieval systems, vending machinery and other original equipment manufacturing applications.



### Gasoline Powered Saws

Under the trade name Wright, Thomas Industries is the exclusive producer of a reciprocating blade saw, which, because of its versatility and safety, has been widely accepted by outdoorsmen, farmers, orchardists and construction workers. In addition, the Company has developed a complete line of chain saws, spearheaded by the new C-40 lightweight, now in national distribution.



## Thomas Roller Division

The addition of several important pieces of production equipment to the Johnson City, Tennessee, plant considerably increased the Company's paint roller capacity and competitive strength. Also contributing to 1965 successes were new merchandising displays and the publication of a new catalog featuring Thomas consumer and professional paint rollers and accessories.



## International Operations

Both in export and import, 1965 was a year of expanded activity for Thomas Industries. Overseas sales included shipments to 88 countries throughout the free world. In addition, exclusive import agreements were reached with foreign companies for several new products now being included in our lines.



# Consolidated Balance Sheet

Assets	DECEMBER 31	1965	1964
CURRENT ASSETS			
Cash .....		\$ 2,189,977	\$ 645,043
Trade accounts receivable .....		6,475,465	6,711,748
Inventories—at lower of cost (first-in, first-out method) or market .....		10,712,574	10,903,774
Prepaid expenses .....		185,762	352,355
TOTAL CURRENT ASSETS .....		\$19,563,778	\$18,612,920
OTHER ASSETS			
United States Government securities deposited under trust agreement .....		\$ 203,736	\$ 203,736
Cash surrender value of life insurance .....		105,300	99,800
Sundry accounts .....		286,550	209,473
TOTAL OTHER ASSETS .....		\$ 595,586	\$ 513,009
PROPERTY, PLANT, AND EQUIPMENT—on the basis of cost			
Land .....		\$ 73,058	\$ 175,395
Buildings and equipment .....		12,528,151	12,182,161
		\$12,601,209	\$12,357,556
Less allowances for depreciation .....		7,207,742	6,416,626
NET PROPERTY, PLANT, AND EQUIPMENT .....		\$ 5,393,467	\$ 5,940,930
		\$25,552,831	\$25,066,859



## Liabilities

DECEMBER 31

1965

1964

### CURRENT LIABILITIES

Notes payable .....	\$ —0—	\$ 2,500,000
Trade accounts payable .....	1,788,521	2,905,334
Accrued expenses .....	1,525,392	1,534,257
Dividends payable .....	138,216	138,007
Federal and state taxes on income—estimated .....	1,464,478	563,641
Long-term debt due within one year .....	240,000	240,000
TOTAL CURRENT LIABILITIES .....	\$ 5,156,607	\$ 7,881,239

### LONG-TERM DEBT—Note A

Installment notes payable, less amount shown as a current liability .....	\$ 4,680,000	\$ 1,920,000
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### CAPITAL STOCK AND SURPLUS—Notes A and B

Cumulative Preferred Stock, par value \$100 a share, authorized 50,000 shares issuable in series: \$5 Series, outstanding 1964—13,250 shares— retired September, 1965 .....	\$ —0—	\$ 1,325,000
Common Stock, par value \$1 a share: Authorized: 1965—2,000,000 shares, 1964—1,000,000 shares; Outstanding: 1965—1,151,801 shares, 1964—920,050 shares .....	1,151,801	920,050
Capital surplus .....	4,297,007	4,282,916
Earned surplus .....	10,267,416	8,737,654
TOTAL CAPITAL STOCK AND SURPLUS .....	\$15,716,224	\$15,265,620
	<u>\$25,552,831</u>	<u>\$25,066,859</u>

See notes to financial statements.





# Statements of Consolidated Income and Surplus

Years ended December 31, 1965, and December 31, 1964

## STATEMENT OF CONSOLIDATED INCOME

	1965	1964
Net sales.....	\$50,569,968	\$48,500,893
Other income .....	259,093	39,880
	<u>\$50,829,061</u>	<u>\$48,540,773</u>
Costs and expenses:		
Cost of products sold.....	\$34,249,585	\$33,465,730
Selling, administrative, and general expenses.....	10,362,103	10,020,639
Provision for depreciation.....	1,235,612	1,211,940
Interest expense .....	272,776	232,830
Sundry .....	97,048	79,985
	<u>\$46,217,124</u>	<u>\$45,011,124</u>
INCOME BEFORE TAXES ON INCOME.....	\$ 4,611,937	\$ 3,529,649
Federal and state taxes on income—estimated.....	2,249,513	1,670,348
NET INCOME .....	<u>\$ 2,362,424</u>	<u>\$ 1,859,301</u>

## STATEMENTS OF CONSOLIDATED SURPLUS

### CAPITAL SURPLUS

Balance at beginning of year.....	\$ 4,282,916	\$ 3,573,744
Excess of proceeds over par value of Common Stock sold under Stock Option Plan—Note B.....	14,091	186,631
Excess of market value over par value of Common Stock issued as a 3% stock dividend.....	—0—	522,541
CAPITAL SURPLUS AT END OF YEAR.....	<u>\$ 4,297,007</u>	<u>\$ 4,282,916</u>

### EARNED SURPLUS—Note A

Balance at beginning of year.....	\$ 8,737,654	\$ 8,156,573
Net income for the year.....	2,362,424	1,859,301
	<u>\$11,100,078</u>	<u>\$10,015,874</u>
Cash dividends declared:		
Preferred Stock, \$5 Series.....	\$ 49,688	\$ 66,250
Common Stock—\$.60 a share.....	552,614	484,697
Common Stock dividends declared:		
25% at par value—230,360 shares in 1965; 177,934 shares in 1964.....	230,360	177,934
3% at market value 26,797 shares.....	—0—	549,339
	<u>\$ 832,662</u>	<u>\$ 1,278,220</u>
EARNED SURPLUS AT END OF YEAR.....	<u>\$10,267,416</u>	<u>\$ 8,737,654</u>

See notes to financial statements.



# Notes to Consolidated Financial Statements

## NOTE A—LONG-TERM DEBT

The amount stated for installment notes payable as of December 31, 1965, consists of loans totaling \$4,920,000 less \$240,000 classified as a current liability. A note in the amount of \$1,920,000 bears interest at 5.4% and notes in the aggregate amount of \$3,000,000 bear interest at 4 $\frac{7}{8}$ %. Annual combined principal payments are as follows:

1966 through 1968	\$240,000
1969 through 1973	340,000
1974 through 1978	150,000
1979 through 1985	250,000

The loan agreements with respect to these notes include covenants relating to net working capital, annual rentals on long-term leases, and the declaration of dividends (other than dividends or distributions in stock of the Company). Approximately \$2,220,000 of consolidated earned surplus was not restricted at December 31, 1965, with respect to the payment of dividends.

## NOTE B—STOCK OPTION PLANS

At December 31, 1965, 58,270 shares of Common

Stock are reserved for issuance under two Stock Option Plans including 50,000 shares reserved under a plan adopted in 1965. Under the prior plan, options are outstanding for 5,309 shares at \$8.90 per share and 2,961 shares at \$9.79 per share. These options expire October 24, 1966, and options were exercised during the year for 1,739 shares at \$8.90 per share. Under the 1965 plan options are outstanding for 16,250 shares at \$20.60 per share and expire July 20, 1970. None of the shares under the 1965 plan were exercisable during 1965. Under the prior plan options were granted at not less than 95% of market value at date of grant and under the 1965 plan options are granted at not less than 100% of market value at date of grant. Shares and prices have been adjusted for stock distributions and stock dividends.

## NOTE C—LEASE COMMITMENTS

The Company occupies certain properties under lease arrangements. Annual rentals under such leases approximate \$270,000 and the leases expire in from 4 to 22 years.

## Accountants' Report

BOARD OF DIRECTORS  
THOMAS INDUSTRIES INC.  
Louisville, Kentucky

We have examined the consolidated balance sheet of Thomas Industries Inc. and subsidiaries as of December 31, 1965, and the related statements of consolidated income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. A similar examination was made for the year ended December 31, 1964.

In our opinion, the accompanying balance sheet and statements of income and surplus present fairly the consolidated financial position of Thomas Industries Inc. and subsidiaries at December 31, 1965, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Louisville, Kentucky  
February 11, 1966

*Ermst & Ermst*

# The Operating Divisions of Thomas Industries

## RESIDENTIAL LIGHTING DIVISION

Moe Light and Starlight residential lighting fixtures; Designer Originals International residential and decorative commercial fixtures; Thomas Industries electronic dimming and light control devices; Moe Light and Starlight recessed lighting; Radiant hand-blown glass; illuminated signs and displays.

## COMMERCIAL/INDUSTRIAL LIGHTING DIVISION

Benjamin commercial and industrial incandescent and fluorescent lighting equipment; Benjamin Lumi-Flo air-handling lighting fixtures; Thomas Industries fluorescent dimming systems; Benjamin audible signalling devices.

## POWER EQUIPMENT DIVISION

Sprayit portable paint sprayers, compressors and paint guns; Sprayit OEM air compressors; Medi-Pump medical air compressors and vacuum pumps; Wright gasoline powered reciprocating blade and chain saws.

## THOMAS ROLLER DIVISION

Thomas seamless paint roller covers, roller frames, roller pans and miscellaneous painting accessories.

## PACIFIC DIVISION

Moe Light, Starlight and Designer Originals residential lighting fixtures; Norlite residential and decorative commercial lighting fixtures; Benjamin incandescent and fluorescent commercial and industrial lighting equipment; Thomas Industries dimming controls; Moe Light and Starlight recessed lighting.

## C & M DIVISION, TORONTO

Moe Light, Starlight and Designer Originals residential lighting fixtures; C & M commercial and industrial incandescent and fluorescent lighting equipment; C & M recessed lighting.

### MEETING OF SHAREHOLDERS

The annual meeting of shareholders will be held at 10:00 A.M. on Wednesday, April 20, 1966 in Room 1282 on the 12th floor of the First National Bank Building, 38 S. Dearborn St., Chicago, Illinois. A notice will be mailed to each shareholder.





Executive offices: Louisville, Kentucky

### THOMAS INDUSTRIES PLANTS



Fort Smith, Arkansas



Sparta, Tennessee



Los Angeles, California



Hopkinsville, Kentucky



Johnson City, Tennessee



Fort Atkinson, Wisconsin



Sheboygan, Wisconsin



Toronto, Canada

## Board of Directors

LEE B. THOMAS, *Thomas Industries Inc., Chairman*

JOHN G. BEAM, *Thomas Industries Inc.*

ROBERT D. BURNS, *Anchorage, Kentucky*

ERNEST A. EKLUND, *Attorney-at-Law*

THOMAS R. FULLER, *Thomas Industries Inc.*

WM. J. GREDE, *Chairman, Grede Foundries, Inc.*

JOSEPH W. HIBBEN, *Vice-President, Kidder, Peabody & Co.*

L. L. J. HOWE, *Chairman, John Nuveen & Co.*

FRANKLIN J. LUNDING, *Chairman of the Finance Committee, Jewel Tea Co., Inc.*

KENNETH I. MOE, *Thomas Industries Inc.*

NATHAN R. OWEN, *Chairman, General Signal Corp.*

HOWARD C. PRANGE, *Thomas Industries Inc.*

JACKSON W. SMART, *Partner, Touche, Ross, Bailey & Smart*

## Officers

LEE B. THOMAS, *Chairman of Board of Directors*

JOHN G. BEAM, *President*

THOMAS R. FULLER, *Executive Vice-President*

KENNETH I. MOE, *Executive Vice-President*

WALLACE H. DUNBAR, *Financial Vice-President*

HOWARD C. PRANGE, *Vice-President*

DELBERT W. WAKEMAN, *Vice-President*

OTIS A. ZUMWALT, *Vice-President*

FRANK C. DOYLE, *Secretary and Treasurer*

JOHN W. CHODERA, *Controller*

EDWARD J. CHADY, *Asst. Secretary*

## Executive Offices

207 East Broadway, Louisville, Kentucky 40202

## Transfer Agent

Harris Trust and Savings Bank

111 West Monroe Street, Chicago, Illinois 60690

## Registrar

The First National Bank of Chicago

38 South Dearborn Street, Chicago, Illinois 60690

**THOMAS INDUSTRIES INC.**

207 East Broadway  
Louisville, Kentucky 40202